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Human resources development

Report of the Secretary-General**

Summary

The present report, prepared in response to General Assembly resolution 62/207, provides an overview of human resources development strategies, including progress and challenges in their implementation and lessons learned. It draws examples from countries with and without comprehensive national human resources development strategies and highlights the implications of adopted human resources development strategies for the economic and social development of those countries. The report builds on a growing consensus about the mutually reinforcing relationship between human resources development and sustained economic growth and urges countries to adopt comprehensive human resources development strategies as a means for achieving the Millennium Development Goals and promoting economic and social development. As stipulated by the Assembly, the report focuses on the role of the international community, the United Nations system and other entities, including the private sector, in promoting human resources development, and makes recommendations for future steps. The report also describes the critical role of human resources development in mitigating the worst effects of the global economic crisis and building a foundation for sustainable recovery.

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I. Introduction

1. There is growing empirical evidence of the mutually reinforcing relationship between human resources development and sustained economic growth. Sustained economic growth is dependent on healthy and skilled human resources, and economic growth in turn promotes further human resources development. Empirical evidence[1] has demonstrated that countries that have invested in human resources development are more likely to enter a virtuous economic growth cycle, while those that have not are more likely to continue to experience limited levels of economic growth and development, with human resources that are underutilized or lack the critical skills and competence necessary to promote innovation to sustain economic growth.

2. In its resolution 62/207, the General Assembly recognized the importance of human resources development in promoting sustainable development and encouraged Governments to integrate human resources policies into their national development strategies. By the same resolution, the Assembly requested the Secretary-General to analyse the implementation of human resources development strategies, in particular on lessons learned and the role of the international community and other entities, including the private sector, in assisting these efforts.

3. The formulation and implementation of effective human resources development strategies that pave the way for achieving the Millennium Development Goals and lead to a path of sustained economic growth and social development often require resources and capacities that are not always available in developing countries. Despite considerable efforts made over the years to promote human resources development, Governments continue to face insurmountable challenges in developing a sufficient pool of human resources capable of responding to the country's economic and social needs. Unstable macroeconomic structures, income inequalities, unemployment, poverty, the spread of infectious diseases such as HIV/AIDS and malaria, brain drain, conflict and other issues have often challenged and sometime reversed progress made in this regard.

4. The downturn in global economic growth that followed the global financial crisis is likely to diminish further the ability of many countries, especially developing countries, to cope with and address human resources development challenges and formulate and implement effective strategies. Paradoxically, human resources development is even more critical in the current economic downturn in order for countries to mitigate the worst effects of the financial crisis and build the basis for future and sustainable recovery. It is therefore necessary to rethink and improve existing human resources development strategies to make them more responsive to local needs and to strengthen international support for the efforts of developing countries to promote human resources development to enhance their resilience to externally induced changes in the economy, including as a result of technology, trade, climate change and economic shocks.

[1] For instance, Gustav Ranis and Frances Stewart, "Dynamic Links between the Economy and Human Development" in *Policy Matters: Economic and Social Policies to Sustain Equitable Development*, José Antonio Ocampo, Jomo K. S. and Sarbuland Khan, eds. (London, Zed Books Ltd., 2007); Gustav Ranis and Frances Stewart, "Successful transition towards a virtuous cycle of human development and economic growth: country studies", Economic Growth Center discussion paper No. 943 (New Haven, Connecticut, Yale University, 2006).

5. The present report takes stock of the experience of a cross section of countries in implementing human resources development strategies and examines progress, challenges and prospects for the future. In particular, the report focuses on (a) experiences in implementing human resources development strategies; (b) the role of the international community, including the United Nations system, and other entities such as the private sector, in assisting national and regional human resources development efforts; and (c) recommendations for future steps to promote and support effective and sustainable human resources development.

II. Experiences and lessons learned in the implementation of human resources development strategies

6. The degree of success of efforts to improve the quality and sustainability of human resources development has varied, depending on the specific circumstances and policy choices of individual countries. National and regional experiences have differed significantly on the basis of specific circumstances in each country, for example, macroeconomic structure, such as levels of savings, investment, foreign direct investment and trade, and such factors as the labour market, economic competitiveness and income distribution. Other factors have also had an impact, for example access to technological innovation, the role of the private sector in the delivery of services, the incidence of diseases such as HIV/AIDS in the workforce, brain drain and the global financial and economic crisis.

7. In the following section, country experiences are analysed in four major groupings: (a) countries with dynamic, comprehensive national human resources development strategies, typically countries with advanced economies; (b) countries with rigid national human resources development strategies, many of which have not managed to be flexible in the face of changing human resources development needs in response to evolving market conditions and the restructuring of their economies; (c) countries with good initial conditions of human resources development but without a comprehensive strategy, typically countries with emerging economies; and (d) countries without good initial conditions of human resources development, and without comprehensive strategies, or those that have faced difficulty implementing human resources development strategies. Those countries are typically low-income or least developed countries.[2]

A. Countries with dynamic, comprehensive national human resources development strategies

8. Many countries that have implemented comprehensive national human resources development strategies have embarked on a path of sustained economic

[2] This section is based on a number of references, including *Advances in Developing Human Resources*, vol. 8, No. 1 (2006), and vol. 6, No. 3 (2004); Department of Economic and Social Affairs, "World economic situation and prospects report 2009: update as of mid-2009" (New York, United Nations, 2009); International Labour Organization, *The Financial and Economic Crisis: a Decent Work Response* (2009); Asian Development Bank, *Asian Development Outlook 2009: Rebalancing Asia's Growth* (2009); Organization for Economic Cooperation and Development, *African Economic Outlook 2009* (2009); World Economic Forum, *The Africa Competitiveness Report 2009* (2009).

growth. In those countries, technology and human capital, sometimes in the absence of large natural resources, are the core elements of strategic economic plans and the main driving force of their high growth performance. Investments in capital have been accompanied by investments in the formation of healthy, highly educated skilled workers who have not only increased labour productivity but have also used capital and technology more efficiently. That, in turn, has promoted sustained economic growth, employment generation, widespread social development and a reduction of poverty. Human resources development strategies continue to be an integral part of national economic and social policies and are continually revised and adjusted to reflect national development objectives.

9. In those countries, economic policies often identify future human resources needs in order to maintain a competitive workforce that is responsive to the changing needs of the economy. Those identified needs are translated into human resources development programmes for retraining, skills upgrading and lifelong learning. As a result, the educational systems of many of those economies have expanded from primary to vocational secondary education to technical junior colleges and, finally, to engineering and science-oriented tertiary education, in order to enable their workforces to meet rapidly changing human resources requirements and advance economic growth.

10. In many cases, a multidepartmental approach has allowed Governments to identify human resources needs in the medium and long term for various sectors of the economy and to translate those needs into national human resources development policy targets for the specific skills required by the national economy. The establishment of a national human resources development system to coordinate, manage and implement plans, policies and strategies is essential to develop human resources and expand human capital to respond to the required skills. Human resources development councils are often included in such systems to administer funds contributed by employers for the training of employees. To achieve national human resources development policy targets and develop such skills, a plethora of public and private organizations, including universities, polytechnics, schools, institutes for technical education and other lifelong learning institutions, has been engaged in the development of the required skills. As a result, the educational programmes of such countries are consistent with their education needs.

11. In such comprehensive national human resources development strategies, the private sector often cooperates with the Government and other institutions in human resources development. For example, in some countries a tripartite system is developed, in which employers, unions and the Government cooperate in the formulation of the national human resources development strategy. Such a system also coordinates funding strategies for skills training programmes and funding schemes in which employers are encouraged to continue to train and upgrade their workforces through, for instance, the establishment of skills development funds. That kind of system facilitates the integration of economic, labour market and human resources policies.

12. Comprehensive human resources development strategies have, in some countries, included not only increased investments in education and in research and development, but also a concerted effort to attract human resources previously lost to brain drain. As those countries have especially targeted high-tech engineers and scientists from developed countries, the returned workers have helped boost

domestic production and exports. Consequently, a significant percentage of science-based industries, research and development institutes and science parks in those countries are currently led by returned workers.

13. Comprehensive and successful human resources development strategies have enabled some countries to avoid the worst effects of the economic crisis. In particular, countries that have flexible human resources and sound macroeconomic policies, including labour market flexibility and a high level of savings, have been better able to adjust to the economic downturn. Rising unemployment, however, carries an adverse impact on human resources development. The challenge for those economies is to implement policies that strengthen existing safety nets and protect vulnerable groups. As such, the overall challenge lies in continuing the implementation of national human resources development strategies and in maintaining financing for human development.

B. Countries with rigid national human resources development strategies

14. Often in countries with economies in transition, the nationwide strategy to develop human capital as part of an overall strategy for economic development and modernization is challenged by the needs of the evolving economy. The emphasis in those strategies has often been on the training and retraining of human resources to match labour skills with the needs of the industrial sector at the time when the strategy was formulated. Especially in countries with highly centralized economies, that has led to training and educational systems that prepare individuals, including managerial personnel, to perform specific roles and tasks related to their employment rather than ones that promote diverse and flexible skills to adapt to the changing needs of an evolving economy. As those countries move towards more decentralized, market-oriented and open economies, their economic growth and transformation trigger an increasing demand for highly skilled and diverse human resources. As a result, a minority of university graduates has the skills required by the economy, while abundant unskilled labour cannot be absorbed by the labour market. Hence, maintaining adequate levels of human resources to respond to that demand and to absorb a growing workforce has become increasingly challenging for those countries.

15. Innovative strategic plans and new funding arrangements are required to readjust the labour force structure to make it more responsive to the demand for high-level professionals and managers and keep pace with surging market competition. New approaches are becoming even more urgently needed in the context of the global financial crisis, which has already increased unemployment rates and poverty in those economies. Stimulus packages alone will not be able to generate enough jobs to absorb the labour surplus, and social protection schemes will be urgently needed to ward off the worst effects of the recession. In the long term, new strategic plans for education, training and human resources development will be needed, to address the need to transition progressively towards an education system focused on science and technology; low capital input into human resources, especially high-level human resources; inadequate training in general; a shortage of skilled workers and high-level human resources; and inadequate matching of workers and jobs. The way those issues are addressed will determine whether human resources development in those countries will be able to support their economic growth in the future.

C. Countries with good initial conditions of human resources development but without a comprehensive human resources development strategy

16. In many countries without a comprehensive human resources development strategy, especially those with emerging economies, high initial levels of human resources development have contributed to economic growth. That growth has been boosted by growing national expenditure on health and education, which has helped to transform unskilled labour into a semi-skilled and professional workforce. Skills and knowledge acquired through primary education contributed to raising labour productivity, while secondary and tertiary education provided managerial and technical training, which led to investments in research and development and technological improvements. High initial levels of human resources development allowed those countries to enter a pattern of sustainable economic growth, in which economic growth and human resources development mutually reinforced each other. As a result, new jobs were created and poverty decreased significantly. The lack of nationwide human resources development strategies has, however, posed some additional challenges to further economic growth and development of human resources.

17. In the absence of comprehensive national human resources development strategies, even the most substantial economic growth and prosperity often remain concentrated in specific regions and areas. Without a comprehensive national human resources development strategy, especially for high-skilled professionals, and given the great reliance on private providers for the delivery of training and education, economic and social development has tended to cluster around areas where education and research institutions have flourished. As a result, the fastest growing metropolises in those countries, which contribute the highest national percentages of exports and economic growth, also tend to house the most well-organized colleges, research institutions, public sector companies and private sector corporations. Despite the triumph of those areas, however, most regions in those countries have remained underdeveloped, and steady national growth has not yet translated into poverty reduction, human resources development and social development. As a result, a high percentage of the population continues to live below the poverty line and a large portion of the labour force continues to work in the informal sector. The global economic downturn is likely to hit those countries harder than economies that have adopted more balanced human resources development policies. The current world economic crisis will indeed worsen the condition of a large portion of the population already living in poverty and will put considerable pressure on Government spending to provide additional social protection and safety nets.

18. Through market reforms and liberalization, in some countries the market, rather than comprehensive human resources development strategies, has become the central mechanism for determining resource allocation and investment in training. The decentralized market-led approach to education and training often includes the establishment of private institutions, such as technical education centres and professional institutes, designed to respond to the growing demand without placing a burden on the existing university system. Private firms have been able to decide for themselves the nature and extent of training to be funded, often through Government tax rebates. Some Governments have also launched other initiatives to encourage small- and medium-enterprise development and vocational grants to train

the most disadvantaged groups. The rationale of a decentralized, demand-driven system for training and education was not only that would such a system be more responsive to the needs of the industry, but that competition among private education and training providers would ensure a more efficient allocation of resources in the process. Those reforms have indeed facilitated a more efficient allocation of resources in the training process and greater responsiveness to the needs of individuals and enterprises in many countries. In some cases, the reforms have also led to organizational change, helped support skills development among groups excluded from the labour market and generally facilitated economic restructuring.

19. The use of the market mechanism for allocating resources at the secondary and higher education levels has, however, also exacerbated social and income inequalities in many countries by limiting access to education and training to those who can afford private education. While the decentralized, market-driven approach has been an effective means for the State to reduce the public sector deficit and share costs with local municipalities, enterprises, individuals and parents, the lack of an overall national human resources development framework has made it difficult to see how the different components of the Government's education and training system fit together and support each other. That has led to a training and education system characterized by unequal access to and an uneven quality of primary and secondary education and an imbalance in the distribution of funding, with educational resources mostly directed to higher levels of education, especially engineering scientists and doctors, while primary and secondary education are deprived of funding. The market-oriented environment has also reduced the incentives at the higher educational level to engage in research and development, which are national engines of technological innovation and economic development.

20. In addition, a variety of actors, including private educational institutions, Government agencies, domestic and multinational corporations and non-governmental organizations, has emerged to fulfil national education and training needs. In that context, as they stepped into the gap left by traditional education organizations, informal actors have been able to provide a critical service and have helped address deep-seated human resources development deficiencies and imbalances. The role of multinational corporations has been especially important in that regard, as it has provided resources and capacities otherwise not available in those countries. However, multinational corporations tend to address their specific business needs rather than provide broad-based education. The limitations of the training opportunities and capabilities offered by such corporations may also create notable impediments to the implementation of a successful national strategy for human resources development, as the objectives of multinational corporations might differ substantially from national ones. In the current economic climate, the sustainability of the human resources development provided by multinational corporations can be questioned as companies seek to lower expenses and decrease operations.

21. Some of those countries, in recognition of the strong influence that multinational corporations have on the training and development of their citizens, have begun to actively engage multinational corporations, along with other relevant actors, such as trade unions, in identifying needs and developing employee skills for the formulation and implementation of human resources development activities. In many instances, trade unions have come to recognize their role in ensuring the

existence of critical skills outside of specific company needs and have begun to address those more general labour force requirements. The inequalities of traditional education systems are also beginning to be addressed by the involvement of these actors, but the absence in some countries of a comprehensive national human resources development strategy that identifies national human resources development needs and targets makes it difficult to see how all the needs and targets fit together in the pursuit of national human resources development and development objectives.

D. Countries that lack good initial conditions of human resources development and that lack comprehensive human resources development strategies or face difficulty implementing such strategies

22. In many developing countries, especially in the least developed countries, the development of human resources is critical to the achievement of economic growth and social development. Economic growth in those countries continues to be constrained by underdeveloped infrastructure, inefficient basic education and health-care systems and poor institutional frameworks. In addition, widespread poverty, rising inequality, high unemployment rates, a shortage of professional labour, gender inequality and poor health pose challenges for progress in human resources development and the achievement of economic growth. The lack of economic diversification, low global competitiveness and the low level and productivity of human resources also hinder the ability of those countries to enhance economic growth and overcome those challenges. As a result, the ability of those countries to translate possible economic growth into social development continues to be constrained.

23. One of the major challenges in human resources development faced by those countries is the weak link between education, training and employment. Even in some countries that have been successful in using their natural resources to achieve moderate economic growth and social progress, including some of the Millennium Development Goals, in the absence of a comprehensive human resources development strategy, it has been difficult to match the needs of the economy with the training of the workforce. Despite high spending on education to accommodate population growth and achievements in enrolment at both primary and secondary levels, with gender parity at all levels of education, the quality of education in those countries remains low and the links between training, education and the labour market are weak. Strengthening those links will require incorporating business and entrepreneurial skills into the educational and training system and promoting a culture focused on productivity, skills and performance. The financial burden of the global financial crisis, however, is likely to put additional pressure on already stretched Government spending, which will considerably limit the capacity of Governments to implement those provisions.

24. Even though human resources development policies in some of those countries have gone through important transformations to address internal economic and social needs, the implementation of national human resources development strategies remains a crucial challenge. Some countries, for example, have developed a comprehensive human resources development policy framework and supporting

legislation to correct social imbalances and inequalities in the labour market and to develop competitive skills in the workforce, but they continue to struggle with a shortage of skills, high unemployment rates and insufficient job creation. Translating national human resources development strategies and policies into action thus continues to be an important challenge for many of those countries, which often lack sufficient capacities and resources to do so. Promoting implementation will require a comprehensive human resources development investment strategy, a training and education strategy aimed at improving labour productivity and competitiveness for employment and growth and human resources development partnerships, including with the private sector, on education, health and training to ensure the delivery of those services.

E. Additional human resources development challenges

25. Even though the challenges faced by countries vary greatly, depending on their economies, human resources development strategies and their levels of social and economic development, there are certain common challenges faced by many of them. Many countries, especially developing countries and those with economies in transition, struggle to match their labour needs with their educational systems. Frequently, educational resources are focused on high-skilled professionals, such as scientists, engineers and doctors, while critical occupations, such as laboratory technicians, skilled trades, and nurses, are overlooked. In some countries, for example, doctors outnumber nurses, with severe consequences for the health-care system. Technicians are often identified as critical resources for large multinational corporations seeking to locate operations in developing countries. Comprehensive human resources development planning and implementation is therefore needed to meet these challenges, which, if not addressed, can hinder economic and social development.

26. In addition, brain drain continues to be a severe problem in many developing and transitioning countries, threatening achievements in the area of human resources development. In some developing countries, low salaries and dim economic prospects have prompted highly educated professionals to migrate elsewhere. Even though that has usually generated substantial dollar income in the form of remittances, it has simultaneously stripped those countries of the skilled and professional human resources that are crucial for their future economic growth and development. Furthermore, not only have the scarce recourses allocated for human resources development not benefited those countries, they are also contributing to the human resources development of receiving countries, which are often economically advanced. Human resources development strategies should actively address the problem of brain drain and seek new solutions to prevent the migration of skilled professionals or to attract migrants to return to the homeland.

27. The HIV epidemic also threatens the achievements made by economic and social development and human resources development strategies in some countries. HIV is particularly devastating for human resources development because a majority of its victims are taken from the economically active population. Furthermore, HIV draws resources away from other priority areas, reverses national achievements in

there is great concern about the possible loss to HIV of a majority of skilled and experienced labour and a significant reduction in labour supply, productivity, foreign direct investment and economic growth. Addressing HIV and its implications for human resources development thus requires bold action and a substantial increase in the allocation of national and international resources, not only for prevention and treatment but also for measures to reverse the adverse impact of the epidemic on the workforce. In the current economic climate, strong and coherent action is particularly important.

28. The current financial and economic crisis has implications for all countries. The severe decline of demand for foreign products in developed countries has provoked a sharp decline in energy and commodity prices, worsening the effects of the financial crisis for many developing countries, especially those heavily dependent on primary exports, including oil-exporting economies. Among net exporters of commodities, low-income countries are being hit the hardest, as primary exports comprise on average 70 per cent of their total exports and a high share of Government revenue. Many developing countries will feel additional pressure on their current accounts, which might result in higher fiscal deficits and an inability to cover national debt payments. Maintaining financing for human resources development amid declining Government revenues and decreasing social spending remains a crucial challenge.

29. Owing to the global economic and financial crisis, unemployment is already on the rise in many countries and represents a severe challenge in some. Lessons from past financial crises indicate that unemployment and market "informalization" tend to be exacerbated by return migrants and large-scale reverse migration from urban to rural areas. Those trends are more likely to jeopardize poverty reduction structurally, as it may take some time before economies readjust and workers can shift back to activities with higher remuneration. Typically, it takes four to five years for unemployment rates to return to pre-crisis levels after economic recovery has set in. Social protection schemes and programmes, specifically designed for the most vulnerable populations, such as returning migrants and female-headed households, are crucial in mitigating the worst effects of the crisis. Furthermore, vocational, technical and professional training programmes targeting the recently unemployed population or people only now entering the job market could be an additional means of building the human resources development base for future needs. Boosting human resources development is thus critical in helping countries overcome the worst effects of the economic downturn, and should become a national priority.

III. Role of the international community, the United Nations system and other entities, including the private sector, in promoting human resources development

A. Role of the international community, including the United Nations system

global financial crisis and other external shocks, such as the recent energy and food crises and climate change, which risk not only jeopardizing current development achievements but also provoking a human development crisis. International assistance is critical to help developing countries mitigate the impact of the global financial crisis, mobilize capacity and resources, both domestic and external, and continue implementing effective long-term strategies for sustainable economic and social development, including human resources development.

31. The global financial crisis and its impact on the real economy have hit two pillars of the globalization process, international trade and foreign direct investment flows, which will have severe effects on developing countries. The report "World economic situation and prospects" as of mid-2009 (E/2009/73) estimated that trade flows worldwide had sharply declined from the end of 2008 and had continued to decline in the first quarter of 2009 at an annual rate of more than 40 per cent, while for 2009 the volume of world trade was expected to fall by 11 per cent, the largest decline since the Great Depression of the 1930s. Net private capital inflows were estimated to have declined by more than 50 per cent during 2008, and a further dramatic decline of 50 per cent was expected for 2009.

32. The decline of demand for foreign products in developed countries has hit low-income countries especially hard (see para. 28 above). That comes on top of the food and energy crises of early 2008, which have significantly reduced the capacity of many developing countries to adopt countercyclical policies. Increasing income poverty, lower Government revenue and lower public and private spending on social services mean that a significant number of countries will not be able to meet some of the Millennium Development Goals or actively pursue national strategies for poverty reduction, including human resources development strategies.

33. The deepening of the global financial crisis has also exerted a heavy toll on employment worldwide. The unemployment rate could reach 7 per cent in 2009, but the full extent of its impact on job markets and social conditions may not be felt for some time in developing countries. Workers, however, are already visibly shifting out of dynamic export-oriented sectors and becoming either unemployed or displaced to lower productivity activities. Workers who were already in a vulnerable position before the crisis, such as migrant workers, youth and women, will be disproportionately at risk of losing their jobs or suffering income losses, as massive rises in long-term unemployment tend to increase employment informality and working poverty. Both formal and informal social protection mechanisms in many developing countries are thus likely to come under increasing pressure in the face of a significant and durable increase in poverty. According to estimates by the Department of Economic and Social Affairs, between 73 million and 103 million more people would remain poor or fall into poverty compared with a situation in which pre-crisis growth would have continued. That setback will be felt mostly in East and South Asia, where between 56 and 80 million people are likely to be affected. The crisis could also keep 12 to 16 million more people in Africa and another four million people in Latin America and the Caribbean in poverty.

34. Supporting the social welfare of developing countries, increases in social spending to strengthen social protection systems and long-term investments in sustainable development will be vital to allow those countries to mitigate the effects

investment in human capital that will be essential to the long-term recovery of those countries. Social protection schemes will also be critical to build human resource capacities to meet the specific needs of small- and medium-scale enterprises, which will be hurt the most by the financial crisis, in order to enable them to contribute effectively to reducing poverty and generating employment. The continued development of a growing, vibrant private sector, building on the combined strengths of and linkages between large, medium, small and microenterprises, is essential to economic growth, poverty eradication and employment generation. That, in turn, will require critical entrepreneurial skills to operate and manage businesses, along with business development services capabilities to provide entrepreneurs with access to finance, technical know-how, market information and the technical skills to use equipment and employ improved technology that increases productivity. Financing social protection schemes should thus also focus on increasing the supply and quality of trained enterprise managers, workers and public and private officials that can promote and regulate the operations of small- and medium-scale enterprises.

35. International support will be very critical for the efforts of developing countries to create a pool of productive and competitive human resources capable of leading their long-term recovery and sustainable development efforts. The international community can support capacity-building programmes for the design and delivery of human resources development strategies that develop high-quality and competitive human resources to support the transition towards a knowledge-based economy. Support can be targeted at the specific needs of individual countries: training and retraining programmes for professionals, such as teachers, doctors, health workers, public administrators, business entrepreneurs, agriculturists and others; training that targets the most disadvantaged groups, including women, youth and the disabled, with an employment component such as vocational training based on labour-market demand; training of trainers; programmes to develop educational standards and curricula, including monitoring systems; and the provision of "infrastructure" services such as labour-market information, emerging learning technologies and good practices.

36. The international community should ultimately help developing countries to transform the present time of crisis into an opportunity to invest in skills development as a way to anticipate and manage the impact of global drivers of change, such as technology, trade, climate change and economic shocks, and increase their growth prospects. The rationale of that approach is that achieving sustainable development objectives, including the Millennium Development Goals, depends on the availability of sufficient in-country capacity. Financial resources alone, including official development assistance, are not enough to reduce poverty in a sustainable manner. Without well-functioning organizations and a well-performing human resource base, countries will lack the foundations necessary for the roll-out of their national and local development strategies.

37. In addition to long-term human resources development strategies, skills development policies are a critical part of effective responses in times of economic crisis, since what is crucial to the most vulnerable workers in developing countries is to be retrained and reskilled to respond more effectively to new circumstances. These policies should focus on taking advantage of emerging opportunities by

changes; and sustaining a dynamic development process. The international community should help developing countries in formulating these policies and integrating them into broad national development plans and strategies to reduce poverty and achieve the Millennium Development Goals. That framework will provide an opportunity for labour ministers and organizations of workers and employers to encourage line ministries, including ministries of agriculture, education, rural development, commerce and industry and the environment, to take into account the employment impact, job creation potential and skills development implications of their policies.

B. Role of the private sector

38. The private sector can play an important role in promoting human resources development in many ways. It can support the funding of education, training and research institutions or operate them directly. It can also strengthen the link between training and educational systems and the productive sector by training a workforce to match its skills with the needs of the economy. For vocational education and training, the participation of the private sector in the design of curricula, especially for higher education, can effectively contribute to the efficient functioning of enterprises and employers, which is essential for economic development. That becomes even more important as the role of the private sector as employer grows in the economy, along with its role in promoting national competitiveness and economic growth.

39. Experience has demonstrated the importance of the private sector in promoting human resources development, especially in countries that lack the resources and capacities to invest in training and retraining their workforce to match the needs of their rapidly changing economic environment. For example, in some countries, domestic and multinational corporations, private educational institutions and civil society organizations, such as labour unions and religious organizations, play a prominent role in filling the gaps and imbalances of national training and educational systems. The training that corporations offer to their employees is, however, likely to be directed towards meeting their specific human resources development needs and not the broader needs of the country. There is thus a clear trade-off between the training opportunities and capabilities offered by corporations and those that could be offered through learning opportunities funded by the public sector and focused on local and national needs.

40. The useful role that the private sector has played and will continue to play in addressing national educational and training needs and promoting human resources development will be more effective and sustainable in the context of a national comprehensive human resources development strategy. In countries that have adopted a comprehensive human resources development strategy, private organizations and commercial schools for professionals and other categories that work alongside the national education system operate within the context of the national human resources development strategy and are regulated by national quality standards. That ensures consistency in the quality of the educational system as a whole, including both private and public, in the pursuit of national development goals.

41. The private sector and, particularly, public-private partnerships can also play an important role in sharing the financial and human resource burden for delivering social services and improving the efficiency and cost-effectiveness of delivery by increasing competition among social service providers. Evidence shows, however, that, in the absence of an overall framework for human resources development, the outcome of those options, especially in the case of health-care and educational services, remains mixed. On the one hand, a market-driven system to provide health-care and educational services helps reduce the public deficit and ensure a more efficient allocation of resources and a greater responsiveness to the needs of individuals and enterprises; on the other hand, it can also negatively affect the quality of and access to service delivery. In a market-oriented system, there are also fewer incentives at the higher educational level to engage in research and development, which is essential to technological innovation, because it would drive up costs. In addition, access to private institutions tends to be limited to those who can afford them, with the risk of perpetuating existing social divisions and inequalities. In some countries, that approach has not only perpetuated income inequalities but also inhibited their capabilities to further diversify and advance the economy. In other cases, where there were already gross inequalities in educational opportunities, the public-private option has helped reduce the deficiencies of the formal education system. When there is an overall framework for human resources development that allows seeing how the different components of the Government's policies fit together, however, the role of the private sector can be very effective in the delivery of vital services.

IV. Conclusions and recommendations

42. **In the design and implementation of human resources development strategies, the following recommendations should be considered:**

(a) **Integrate human resources development into national development frameworks, including national development policies and strategies to reduce poverty and achieve the Millennium Development Goals, in order to ensure that human resources development implications are taken into account by all national development stakeholders;**

(b) **Continually revise human resources development strategies and adjust them to national development objectives in order to ensure a strong link between education, training and employment. Human resources development strategies should translate into programmes aimed at maintaining a productive and competitive workforce that is responsive to the needs of all sectors of the economy;**

(c) **Promote multidepartmental approaches and mechanisms to allow Governments to identify human resources needs in the medium and long term for various sectors of the economy and translate those needs into national human resources development policy targets and related funding and investment allocations;**

(d) **Establish tripartite systems of employers, unions and Government to facilitate the integration of economic, labour market and human resources**

(e) **Promote the adoption of policies that strengthen existing safety nets, protect vulnerable groups and boost domestic consumption to cushion the effect of the recession and prevent people from falling into poverty;**

(f) **Formulate comprehensive national human resources development frameworks to oversee and regulate entire national training and educational systems (public and private) and ensure equality of access to educational opportunities; quality consistency throughout educational systems; balanced distributions of funding between primary, secondary and tertiary education; and adequate allocation of resources to research and development;**

(g) **International assistance should be designed to help mitigate the impact of the global financial crisis in developing countries; help mobilize capacity and resources, both domestic and external, to formulate and implement effective long-term human resources development strategies for sustainable economic and social development; and support the efforts of developing countries to create a pool of productive and competitive human resources capable of leading long-term recovery and sustainable development efforts;**

(h) **Developing countries should increase social spending to strengthen social protection systems and long-term investments in sustainable development; they should especially address the human resources needs of small- and medium-scale enterprises in order to enhance their contribution to employment generation and poverty reduction;**

(i) **The international community should help developing countries formulate effective skills development policies intended to match the demand for and supply of new skills, taking advantage of emerging opportunities, and facilitate the integration of those policies into broad national development plans and strategies to reduce poverty and achieve the Millennium Development Goals;**

(j) **Enhance the role of the private sector in human resources development, within the context of national comprehensive human resources development strategies, by increasing its support to national education and training needs in ways that promote the efficient functioning of enterprises and employers and match the needs of a rapidly changing economy;**

(k) **Strengthen the role of public-private partnerships in the delivery of social services in order to share the financial and human resource burden, and improve the efficiency and cost-effectiveness of delivery by increasing competition among social service providers within the overall national human resources development framework;**

(l) **Governments should provide incentives and support to private sector initiatives to increase productivity and efficiency through human resources development and technology development, including by encouraging research and development activities and utilization of the latest technologies, particularly information and communication technologies.**